



General Assembly

February Session, 2008

***Raised Bill No. 702***

LCO No. 3304

\*03304\_\_\_\_\_FIN\*

Referred to Committee on Finance, Revenue and Bonding

Introduced by:  
(FIN)

***AN ACT CONCERNING TAXPAYER PRIVACY RIGHTS AND RIGHTS  
IN TAX ASSESSMENT, COLLECTION AND ENFORCEMENT  
PROCESSES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-1 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2008*):

3 (a) The following words, as used in this title and in all other statutes  
4 relating to the assessment and collection of taxes, except when  
5 otherwise indicated by the context, shall be defined as follows:  
6 "Commissioner" or "Commissioner of Revenue Services" means the  
7 Commissioner of Revenue Services or his authorized agent; "company"  
8 means any person, partnership, association, company, limited liability  
9 company or corporation, except an incorporated municipality;  
10 "person" means any individual, partnership, company, limited liability  
11 company, public or private corporation, society, association, trustee,  
12 executor, administrator or other fiduciary or custodian.

13 (b) For purposes of this title, a person acts with "intent to evade" the  
14 provisions of this title, or with "intentional disregard" of the provisions

15 of this title when such person's conscious objective is to evade or  
16 disregard the provisions of this title.

17 Sec. 2. Subsection (h) of section 12-15 of the general statutes is  
18 repealed and the following is substituted in lieu thereof (*Effective*  
19 *October 1, 2008*):

20 (h) For purposes of this section:

21 (1) "Return" means any tax or information return, declaration of  
22 estimated tax, claim for refund, license application, permit application,  
23 registration application or other application required by, or provided  
24 for or permitted under, the provisions of this or any other title which is  
25 filed with the commissioner by, on behalf of, or with respect to any  
26 person, and any amendment or supplement thereto, including  
27 supporting schedules, attachments, or lists which are supplemental to,  
28 or part of, the return so filed.

29 (2) "Return information" means a taxpayer's identity, the nature,  
30 source, or amount of the taxpayer's income, payments, receipts,  
31 deductions, exemptions, credits, assets, accounts, account information,  
32 liabilities, net worth, tax liability, tax collected or withheld, tax  
33 underreportings, tax overreportings, or tax payments, whether the  
34 taxpayer's return was, is being, or will be examined or subjected to  
35 other investigation or processing, or any other data received by,  
36 recorded by, prepared by, furnished to, or collected by the  
37 commissioner with respect to a return or a tax payment, deposit or  
38 refund, or with respect to the determination of the existence, or  
39 possible existence, of liability of any person for any tax, penalty,  
40 interest, fine, forfeiture, or other imposition, or offense. "Return  
41 information" does not include data in a form which cannot be  
42 associated with, or otherwise identify, directly or indirectly, a  
43 particular taxpayer. Nothing in the preceding sentence, or in any other  
44 provision of law, shall be construed to require the disclosure of  
45 standards used or to be used for the selection of returns for  
46 examination, or data used or to be used for determining such

47 standards or the disclosure of the identity of a confidential informant,  
48 whether or not a civil or criminal tax investigation has been  
49 undertaken or completed.

50 (3) "Disclosure" means the making known to any person, in any  
51 manner whatever, a return or return information.

52 (4) "Inspection" means any examination of a return or return  
53 information.

54 (5) "Tax administration" means the administration, management,  
55 conduct, direction and supervision of the execution and application of  
56 the tax laws of this state, and the development and formulation of tax  
57 policy relating to existing or proposed tax laws of this state, and  
58 includes assessment, collection, enforcement, litigation, publication  
59 and statistical gathering functions under such laws.

60 Sec. 3. Section 12-15 of the general statutes is amended by adding  
61 subsection (i) as follows (*Effective October 1, 2008*):

62 (NEW) (i) In the event that the commissioner acquires knowledge  
63 that a return or return information maintained by the commissioner, or  
64 any contractor of the commissioner, in any electronic files, media,  
65 databases or computerized data containing return information, has  
66 been or may become subject to access by, or disclosed to, any person  
67 not authorized to receive such return or return information pursuant  
68 to this section, the commissioner shall provide written notification of  
69 such fact to any taxpayer who is the subject of such return or return  
70 information. Such notification shall be made without unreasonable  
71 delay, except that such notification may be delayed for a reasonable  
72 time if a law enforcement agency determines that such notification  
73 may impede a criminal investigation and such law enforcement agency  
74 requests that the commissioner delay such notification. Any such  
75 delayed notification shall be made after such law enforcement agency  
76 determines that such notification will not compromise the criminal  
77 investigation and so notifies the commissioner of such determination.

78 Promptly upon discovery of an unauthorized access to or disclosure of  
79 a return or return information, the commissioner shall confer with the  
80 Secretary of the Office of Policy and Management to determine what  
81 actions the state should take, if any, to mitigate any adverse  
82 consequences taxpayers may incur as a result of such unauthorized  
83 access or disclosure.

84 Sec. 4. Section 12-39l of the general statutes is repealed and the  
85 following is substituted in lieu thereof (*Effective October 1, 2008*):

86 (a) Except as otherwise provided by statute, "tax appeal" means an  
87 appeal from an order, decision, determination or disallowance of the  
88 Commissioner of Revenue Services; an appeal that may be taken from  
89 a decree of a court of probate under subsection (b) of section 12-359,  
90 subsection (b) of section 12-367 or under subsection (b) of section 12-  
91 395; an appeal from any order, decision, determination or disallowance  
92 of the Secretary of the Office of Policy and Management pursuant to  
93 sections 12-242gg to 12-242nn, inclusive; and an appeal that may be  
94 taken from a decision of the Penalty Review Committee under  
95 subsection (d) of section 12-3a.

96 (b) The Chief Court Administrator shall appoint two judges of the  
97 Superior Court to hear tax appeals. If practicable, the judges shall hear  
98 the appeals for not less than eighteen months. The appeals may be  
99 heard at the judicial district that the Chief Court Administrator deems  
100 appropriate.

101 (c) The Chief Court Administrator shall adopt the policies and  
102 procedures necessary to implement the provisions of this section.

103 (d) Except as otherwise specifically provided by statute, the burden  
104 upon a taxpayer of proving questions of fact in any tax appeal shall be  
105 by a preponderance of the evidence.

106 Sec. 5. Subdivision (3) of section 12-39n of the general statutes is  
107 repealed and the following is substituted in lieu thereof (*Effective*

108 October 1, 2008):

109 (3) The right to be represented or advised by counsel or other  
 110 qualified representatives at any time in administrative interactions  
 111 with the department, including the right to have any communication  
 112 from the department be sent simultaneously to such counsel or other  
 113 qualified representatives who have filed a properly executed power of  
 114 attorney with the department for the type of tax and tax period that is  
 115 the subject of such communication, and the right to have audits,  
 116 inspection of records and interviews conducted at reasonable times  
 117 and places.

This act shall take effect as follows and shall amend the following sections:

Section 1	October 1, 2008	12-1
Sec. 2	October 1, 2008	12-15(h)
Sec. 3	October 1, 2008	12-15
Sec. 4	October 1, 2008	12-39l
Sec. 5	October 1, 2008	12-39n(3)

**Statement of Purpose:**

To make certain changes clarifying taxpayer privacy rights, and rights when disputing tax assessments, collection or enforcement processes by the Department of Revenue Services.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*